



Legislation Details (With Text)

File #: 2019-1603
Type: Regular Calendar Item **Status:** Agenda Ready
File created: 10/16/2019 **In control:** Community Development Commission
On agenda: 11/12/2019 **Final action:**
Title: Oak Grove Apartments - Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) Hearing to approve the issuance of tax-exempt multifamily housing revenue bonds
Sponsors: Community Development Commission
Indexes:
Attachments: 1. Summary Report, 2. Resolution of the Board of Supervisors Approving the Issuance of Multifamily Housing Revenue Bonds by Golden State Finance Authority, 3. 2007 Resolution authorizing Sonoma County Community Development Commission to enter JPA with Golden State Finance Authority

Date	Ver.	Action By	Action	Result
11/12/2019	1	Board of Supervisors	Approved as recommended	Pass

To: Sonoma County Board of Supervisors
Department or Agency Name(s): Community Development Commission
Staff Name and Phone Number: Benjamin Wickham, 565-7542
Vote Requirement: Majority
Supervisorial District(s): All

Title:
Oak Grove Apartments - Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) Hearing to approve the issuance of tax-exempt multifamily housing revenue bonds

Recommended Action:

The Sonoma County Board of Supervisors is being asked to conduct a public hearing and to adopt a resolution which would approve the issuance of tax-exempt multifamily housing revenue bonds by the California Public Finance Authority (the "Authority") for the purpose of acquisition and rehabilitation of Oak Grove Apartments located at 1578 Grove Street, Healdsburg, California 95448, a multifamily residential housing facility located in Sonoma County (the "Project").

Executive Summary:

The Project is an 81-unit low income rental housing project located at 1578 Grove Street, Healdsburg, California 95448, and is generally known as Oak Grove Apartments. The Project is to be owned by LIH Oak Grove LP, a California limited partnership (the "Borrower") or a partnership of which LEDG Capital, LLC (the "Developer") or a related person to the Developer is the general partner.

The purpose of the resolution is to allow the financing to meet a requirement of the Internal Revenue Code of 1986 (the "Code"). A TEFRA hearing is mandated by the IRS to provide a reasonable opportunity for interested individuals to express their views, either orally or in writing, on the issuance of bonds and the nature of the improvements and projects for which the bond funds will be allocated. The adoption of this resolution is the first step in the process of financing the proposed Project. Prior to the issuance of bonds the Project will need

to receive “private activity bond” allocation from the California Debt Limit Allocation Committee (“CDLAC”) and the Authority will be required to adopt a resolution which would approve the execution and delivery of certain bond documents that would reflect the terms of the bonds.

Discussion:

The Code requires that the “applicable elected representatives” of the jurisdiction in which a project to be financed with “private activity bonds” is situated adopt a resolution approving the issuance of such “private activity bonds” after a public hearing has been held which has been noticed in a newspaper of general circulation in such jurisdiction. The Oak Grove Apartments project is within the city limits of Healdsburg, however, the County has entered a JPA with CalPFA to allow CalPFA to issue tax-exempt bonds inside the county, whereas Healdsburg is not part of this JPA. As such, the County is the appropriate jurisdiction in which to hold the hearing. The County is being asked to hold such public hearing which has been noticed as required by the Code. The proposed resolution would act as the approval by the “applicable elected representatives” with respect to the proposed Project. The CDLAC application for “private activity bond” allocation for a multifamily housing project requires the inclusion of the approval resolution, or if the resolution has not yet been adopted, an indication of when the approval resolution will be approved. The Authority has submitted to CDLAC an application for “private activity bond” allocation for the purpose of financing the construction and equipping of the Project and has advised CDLAC of the proposed date for the public hearing and consideration of the resolution; if the Board of Supervisors adopts this resolution, the Authority will supplement the submission to CDLAC.

The County would not be a party to the financing documents and have no further obligations related to the issuance of multifamily housing revenue bonds on this Project. As set forth in Section 8 of the Joint Exercise of Powers Agreement of the Authority (the “JPA Agreement”), the debt would not be secured by any form of taxation, or by any obligation of either the County or the Authority. Neither would the debt represent or constitute a general obligation of either the County or the Authority. Pursuant to the governing California statutes and the JPA Agreement, a member or additional member of the Authority is not responsible for the repayment of obligations incurred by the Authority. The debt would be payable solely from amounts received pursuant to the terms and provisions of financing agreements to be executed by the Borrower of the proposed Project. In the financing documents the Borrower will also provide comprehensive indemnification to the Authority and its members and associate members, including the County.

The County’s membership in the Authority bears with it no cost or other financing obligation, but serves as a public acknowledgement by the host jurisdiction of the project financing.

Prior Board Actions:

12/11/2018 Item #58: Adopted resolution authorizing Commission to enter the JPA Agreement with California Public Finance Authority

FISCAL SUMMARY

Expenditures	FY 19-20 Adopted	FY20-21 Projected	FY 21-22 Projected
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Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:

N/A

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

1. Resolution of the Board of Supervisors Approving the Issuance of Multifamily Housing Revenue Bonds by Golden State Finance Authority
2. 2007 Resolution authorizing Sonoma County Community Development Commission to enter JPA with Golden State Finance Authority

Related Items "On File" with the Clerk of the Board: